



Financial Information

Energy Efficiency Alberta is funded under Alberta's Climate Leadership Plan (CLP), a made-in-Alberta strategy designed to diversify our economy, create jobs and reduce greenhouse gas emissions that cause climate change. The CLP puts an economy wide carbon price in place and commits Alberta to developing more renewable energy and using energy efficiency measures to help Albertans reduce their energy costs and lower emissions.

As part of the CLP, Alberta established the carbon levy on all transportation and heating fuels that emit greenhouse gases to encourage Albertans to reduce carbon pollution from their cars, homes and businesses. A portion of the money collected through carbon revenues is provided to Energy Efficiency Alberta as an annual grant to allow them to deliver energy efficiency programs that reduces costs to Albertans and emissions to the environment.

Although climate change commitments were the driving force behind the creation of Energy Efficiency Alberta,

energy efficiency provides significant benefits beyond reducing greenhouse gas emissions. Energy efficiency programs have been proven around the world as a cost effective strategy for reducing utility bills, lowering system wide energy and distribution costs, and stimulating economic development.

Last year, Alberta invested \$96.3 million in programs that delivered net savings of \$334 million and reduced greenhouse gas emissions by 3.4 million tonnes over the life of the products purchased. This means that Albertans are saving more than \$3 for every \$1 invested and last year we saved enough energy to power 694,000 homes for a year. By installing nearly 13 million energy efficient products, 2,300 jobs are being created and Alberta's economy is growing by \$475 million.

Energy Efficiency Alberta is just getting started.

They are continuing to expand programming to deliver even greater value to Alberta residents, businesses, industries, institutions, and non-profits.

Energy Efficiency Alberta
Financial Statements
Year Ended March 31, 2018

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Management's Responsibility for Financial Reporting

The accompanying Energy Efficiency Alberta (EEA) financial statements have been prepared and presented by management who is responsible for the integrity and fair presentation of the information.

These financial statements are prepared in accordance with Canadian public sector accounting standards. **The financial statements necessarily include certain amounts based on the informed judgments and best estimates of management.**

In fulfilling its responsibilities and recognizing the limits inherent in all systems, EEA has developed and maintains a system of internal control to produce reliable information for reporting requirements. The systems are designed to provide reasonable assurance that EEA transactions are properly authorized, assets are safeguarded from loss and the accounting records are a reliable basis for the preparation of the financial statements.

Original Signed

Monica Curtis

Chief Executive Officer

May 25, 2018

The Auditor General of Alberta, EEA's external auditor appointed under the Auditor General Act, performed an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards and has expressed his opinion in the accompanying Independent Auditor's Report.

EEA's Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board exercises this responsibility through the Audit and Finance Committee. In both the presence and absence of management, the Audit and Finance Committee meets with the external auditors to discuss the audit, including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The external auditors have full and unrestricted access to the members of the Audit and Finance Committee.

Original Signed

Stephen Appleton

Vice President, Corporate Services

Independent Auditor's Report



To the Board of Directors of
Energy Efficiency Alberta

Report on the Financial Statements

I have audited the accompanying financial statements of Energy Efficiency Alberta, which comprise the statements of financial position as at March 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Energy Efficiency Alberta as at March 31, 2018, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Original Signed

W. Doug Wylie FCPA, FCMA, ICD.D

Auditor General

May 25, 2018
Edmonton, Alberta

Financial Statements

Energy Efficiency Alberta
Statement of Operations
Year Ended March 31, 2018

	Year Ended 2018		Five Months Ended 2017
	Budget	Actual	Actual
(in thousands)			
Revenues			
Transfer from the Department of Environment and Parks	\$ 185,000	\$ 107,431	\$ —
Grants from the Climate Change and Emissions Management Fund	—	—	10,000
Investment Income	—	614	—
	185,000	108,045	10,000
Expenses – Directly Incurred (Note 2(b) and Schedule 1 and 3)			
Energy Efficiency Initiatives	185,000	107,431	1,430
	185,000	107,431	1,430
Annual Surplus	—	614	8,570
Accumulated Surplus at Beginning of Year/Period	8,570	8,570	—
Accumulated Surplus at End of Year/Period	\$ 8,570	\$ 9,184	\$ 8,570

The accompanying notes and schedules are part of these financial statements.

Financial Statements

Energy Efficiency Alberta Statement of Financial Position As at March 31, 2018

Original Signed

David Dodge

Board Chair

Original Signed

Monica Curtis

Chief Executive Officer

	2018	2017
(in thousands)		
Financial Assets		
Cash and Cash Equivalents (Note 5)	\$ 39,426	\$ 9,506
Accounts Receivable (Note 6)	43	—
	39,469	9,506
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	29,195	936
Deferred Contributions (Note 12)	1,191	—
	30,386	936
Net Financial Assets	9,083	8,570
Non-Financial Assets		
Prepaid Expenses	101	—
	101	—
Net Assets	\$ 9,184	\$ 8,570
Net Assets		
Net Assets at Beginning of Year	8,570	—
Accumulated Surplus	614	8,570
	\$ 9,184	\$ 8,570

Contingent liabilities and contractual obligations (Notes 9 and 10)

The accompanying notes and schedules are part of these financial statements.

Energy Efficiency Alberta
Statement of Change in Net
Financial Assets
Year ended March 31, 2018

	Year Ended 2018	Five Months Ended 2017
	Actual	Actual
	(in thousands)	
Annual Surplus	\$ 614	\$ 8,570
(Increase) Decrease in Prepaid Expenses	(101)	—
Increase in Net Financial Assets in the Year/Period	513	8,570
Net Financial Assets at Beginning of Year/Period	8,570	—
Net Financial Assets at End of Year/Period	\$ 9,083	\$ 8,570

The accompanying notes and schedules are part of these financial statements.

Energy Efficiency Alberta
Statement of Cash Flows
Year ended March 31, 2018

	Year Ended 2018	Five Months Ended 2017
Operating Transactions		
	(in thousands)	
Annual Surplus	\$ 614	\$ 8,570
(Increase) Decrease in Accounts Receivable	(43)	—
Increase in Accounts Payable and Accrued Liabilities	28,259	936
(Increase) Decrease in Prepaid Expenses	(101)	—
Increase (Decrease) in Unearned Revenues	1,191	—
Cash Provided by Operating Transactions	29,920	9,506
Increase in Cash and Cash Equivalents	29,920	9,506
Cash and Cash Equivalents at Beginning of Year/Period	9,506	—
Cash and Cash Equivalents at End of Year/Period	\$ 39,426	\$ 9,506

The accompanying notes and schedules are part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 AUTHORITY AND PURPOSE

Energy Efficiency Alberta (EEA) is a provincial corporation established on October 27, 2016 and operates under the authority of the *Energy Efficiency Alberta Act*, Chapter E-9.7 of the Statutes of Alberta, 2016.

The mandate of EEA is:

- To raise awareness among energy consumers of energy use and the associated economic and environmental consequences,
- To promote, design and deliver programs and carry out other activities related to energy efficiency,
- To promote energy conservation and the development of micro-generation and small scale energy systems in Alberta,
- To promote the development of an energy efficiency services industry.

EEA is exempt from income taxes under the *Income Tax Act*.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

a. Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which is Energy Efficiency Alberta. EEA is controlled by and fully consolidated in the Ministry of Environment and Parks, for which the Minister of Alberta Environment and Parks is accountable. Inter-entity accounts and transactions between EEA and any of the entities included in the ministry are eliminated upon consolidation within the ministry's financial statements.

b. Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as unearned revenue.

Government Transfers

Transfers from all governments are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recognized as deferred capital contributions or deferred revenue if the eligibility criteria for use of the transfer, or the stipulations together with EEA's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, EEA complies with its communicated use of these transfers.

All other government transfers, without stipulations for use of the transfer, are recognized as revenue when the transfer is authorized and EEA meets the eligibility criteria (if any).

Investment Income

Investment income includes interest income and is recognized in the period in which the income is earned.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed. Foreign exchange gains and losses, if any, are reflected within the cost of goods and services.

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

b. Basis of Financial Reporting (Cont'd)

Valuation of Financial Assets and Liabilities

EEA's financial assets and financial liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash and cash equivalents	Cost
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost

EEA does not have any financial instruments classified in the fair value category, and does not hold derivative contracts. As a consequence, these statements do not present a statement of remeasurement gains and losses as EEA is not exposed to remeasurement gains and losses.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are EEA's financial claims on external organizations and individuals, at the year end.

Cash and Cash Equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities

Liabilities are present obligations of EEA to external organizations and individuals arising from transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Non-Financial Assets

Prepaid Expense

Prepaid expense is recognized at cost and amortized based on the terms of the agreement.

c. Change in Accounting Policy

EEA has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS3210 Assets, PS3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2, Schedule 1 and Schedule 3.

NOTE 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board has approved the following accounting standards:

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.
- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**
Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 4 BUDGET

The budget was included in the 2017-18 Government Estimates under the Ministry of Environment and Parks. The budget was approved by the Board.

NOTE 5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash on hand and demand deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of investments in high-quality, short-term securities with a maximum term to maturity of three years. For the year ended March 31, 2018, securities held by the CCITF had a time-weighted return of 1.1% (2017 – 0.9%) per annum. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 6 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2018	2017
Accounts Receivable	\$ 27	\$ —
GST Receivable	16	—
	<u>\$ 43</u>	<u>\$ —</u>

NOTE 7 FINANCIAL RISK MANAGEMENT

EEA has the following financial instruments: accounts receivable, accounts payable and accrued expenses. EEA has exposure to the following risks from use of financial instruments:

a. Credit Risk

Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. EEA conducts a significant amount of business through contracts. Credit risk on accounts receivable is considered low as amounts owing by third parties are usually immaterial and significant amounts owing are due from related parties.

b. Liquidity Risk

Liquidity risk is the risk that EEA will not be able to meet its obligations as they fall due. Liquidity risk is associated with EEA's financial liabilities. EEA's exposure to liquidity risk arises due to its cash flow requirements to fulfill payment of its account payable and accrued liabilities. EEA manages this risk by obtaining adequate funding from the Department of Environment and Parks.

Financial Statements

NOTE 8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2018	2017
Accounts Payable General	\$ 19,506	\$ —
Accrued Liabilities	9,689	936
	<u>\$ 29,195</u>	<u>\$ 936</u>

NOTE 9 CONTINGENT LIABILITIES

At March 31, 2018, EEA was not named as defendant in any specific legal actions.

NOTE 10 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of EEA to others that will become liabilities in the future when the terms of the contracts or agreements are met.

	2018	2017
Service Contracts	\$ 154,638	\$ 64,958
(including long term lease)	<u>\$ 154,638</u>	<u>\$ 64,958</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

Obligations Under Contracts (Including long term lease):	2018
2018-19	\$ 101,620
2019-20	42,361
2020-21	9,351
2021-22	435
2022-23	435
Thereafter	436
	<u>\$ 154,638</u>

NOTE 11 TRUSTS UNDER ADMINISTRATION

(in thousands)

EEA administers trusts on behalf of the beneficiaries specified in the agreement or statute. These amounts are held on behalf of others with no power of appropriation and therefore are not reported in these financial statements.

At March 31, 2018 trusts under administration were as follows: EEA held \$750 in letters of credit as security for contracts.

NOTE 12 DEFERRED CONTRIBUTIONS

(in thousands)

	Year Ended 2018	Five Months Ended 2017
Balance at Beginning of Year/Period	\$ —	\$ —
Conditional Grant Contributions Received/Receivable from Environment and Parks During Year	108,622	—
Less: Amounts Recognized as Revenue	(107,431)	—
Balance at Year End	<u>\$ 1,191</u>	<u>\$ —</u>

NOTE 13 BENEFIT PLAN

(in thousands)

EEA also provides benefits whereby it makes available contributions for Registered Retirement Savings Plans (RRSP) on behalf of certain employees of EEA. The contributions are calculated based on a fixed percentage of the employee's salary to a maximum of the RRSP contribution limit as specified in the *Income Tax Act (Canada)*. The expense of \$226 (2017 - \$0) included in these financial statements represents the current contributions made on behalf of these employees.

NOTE 14 COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

NOTE 15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of EEA.

Energy Efficiency Alberta
Schedule to Financial Statements
Expenses – Detailed by Object
Year ended March 31, 2018

Schedule 1

	Year Ended 2018		Five Months Ended 2017
	Budget	Actual	Actual
	(in thousands)		
Salaries, Wages and Employee Benefits	\$ 2,171	\$ 2,079	\$ —
Supplies and Services	179,829	94,136	1,430
Grants	3,000	11,156	—
Financial Transactions and Other	—	60	—
	\$ 185,000	\$ 107,431	\$ 1,430

Energy Efficiency Alberta
Schedule to Financial Statements
Salary and Benefits Disclosure
Year ended March 31, 2018

Schedule 2

	2018				2017	
	Base ⁽¹⁾ Salary	Other ⁽²⁾ Cash Benefits	Other ⁽³⁾ Non-Cash Benefits	Total	Total	Total
Board of Directors						
Chair ⁽⁴⁾	\$ —	\$ 46,767	\$ 1,130	\$ 47,897	\$ —	\$ 5,639
Board Members ⁽⁴⁾	—	63,046	1,379	64,425	—	28,696
Executive						
Chief Executive officer ⁽⁵⁾⁽¹⁰⁾	178,013	1,665	40,076	219,754	—	—
Vice President of Corporate Services ⁽⁶⁾	103,602	5,634	26,199	135,435	—	—
Vice President of Marketing and Communications ⁽⁷⁾	91,342	3,873	22,823	118,038	—	—
Vice President of Corporate Performance ⁽⁸⁾	86,782	3,796	21,661	112,239	—	—
Vice President of Performance Design and Delivery ⁽⁹⁾	33,716	—	8,922	42,638	—	—

- (1) Base salary includes regular salary.
- (2) Other cash benefits include honoraria payments and other lump sum payments.
- (3) Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees including health care, dental coverage, group life insurance, short and long term disability plans, conference fees and parking.
- (4) The board was appointed by the Lieutenant Governor in Council by Order in Council O.C. 286/2016. The effective date of the appointments was October 27, 2016 and will expire on April 27, 2018. Remuneration and expenses of the Board are prescribed as that specified in Schedule 1, Part A of the Committee Remuneration Order.
- (5) The position was vacant in 2016-17. The position was filled effective April 10, 2017.
- (6) The position was vacant in 2016-17. The position was filled effective August 8, 2017.
- (7) The position was vacant in 2016-17. The position was filled effective September 5, 2017.
- (8) The position was vacant in 2016-17. The position was filled effective August 17, 2017.
- (9) The position was vacant in 2016-17. The position was filled effective January 15, 2018.
- (10) Automobile provided, no dollar amount included in other non-cash benefits.

Energy Efficiency Alberta
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2018
(in thousands)

Related Parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta’s financial statements. Related parties also include key management personnel and close family members of those individuals in EEA. As a result of an assessment made by management there are no transactions to report.

EEA and its employees paid or collected certain taxes and fees set by regulation for premiums, licenses and other charges. These amounts were incurred in the normal course of business, reflect changes applicable to all users, and have been excluded from this schedule.

EEA had the following transactions with related parties reported in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Year Ended 2018		Five Months Ended 2017	
	Entities in the Ministry	Other Entities	Entities in the Ministry	Other Entities
Revenues				
Grants from the Department of Environment and Parks (Note 12)	\$ 107,431	\$ —	\$ —	\$ —
Grants from the Climate Change and Emissions Management Fund	—	—	10,000	—
	\$ 107,431	\$ —	\$ 10,000	\$ —
Expenses				
Other Services	—	188	—	—
	\$ —	\$ 188	\$ —	\$ —
Payable to				
Department of Environment and Parks	\$ 19	\$ 70	\$ 37	\$ —